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The Regional Focus of Asian Multinational Enterprises

by

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THE REGIONAL FOCUS OF ASIAN MULTINATIONAL ENTERPRISES

ABSTRACT

In recent issues of this journal a debate has raged concerning the appropriate nature of academic research in the Asia Pacific region. In keeping with the expressed desire for both rigor and regional relevance in this research, we wish to demonstrate a strong commonality between the performance of large Asian firms and others from Europe and North America. The large Asian firms mostly operate on an intra-regional basis. It has been assumed that the path to success for Asian firms is globalization, yet we show that the literature supporting this is confined to a handful of unrepresentative case studies.

Key words: Asian multinationals; regional strategy; internationalization; bibliometric analysis; firm-specific advantages.

INTRODUCTION

This paper examines the regional nature of the largest Asian firms. We build on prior empirical work which shows how the majority of the world's 500 largest firms have most of their sales in their home region (Rugman, 2005; Rugman and Verbeke, 2004). Three sets of data are presented. The first set shows how 105 out of the 115 Asian firms (91 percent) reporting geographic sales data are home-region oriented. Just three are truly global, with a significant proportion of their sales in all three parts of the triad. Second, in addition to sales data (which report output, or market-related measures of internationalization) we present data on the global distribution of the assets of these Asian firms. Measured by assets all but 3 of the 111 Asian firms (97 percent) in the world's largest 500, for which asset data are available, are home-region oriented. The third set of data shows how the vast majority of peer-reviewed academic publications have focused on the most global and therefore unrepresentative of these firms. We saw that much of what we understand of Asian firms in terms of their distinctive characteristics: competitive strengths and weaknesses) are drawn from a biased sample of the most "global" firms.

After presenting the above data an adapted 'Regional Matrix' (Rugman, 1981) is presented as a framework for explaining the patterns of limited internationalization shown by the data. Case studies are then presented to supplement the data and examine the most unusual bi-regional, host-region oriented and global Asian firms. As other studies and prior research (Collinson and Rugman, 2006) has focused on the limited globalization of Japanese firms we focus on non-Japanese firms (BHP Billiton, Hon Hai Precision, Flextronics, and Hutchison Whampoa) to see if there are common

characteristics driving their unusual levels of regionalization. Finally, considering the additional data we have compiled on case study selection in peer reviewed management and business journals, we comment on the implications of the biases in research on Asian firms.

THE DATA SHOW: ASIAN BUSINESS IS REGIONAL, NOT GLOBAL

Empirical data increasingly support a regional perspective, countering the dominant view of globalization. Of the 380 firms with regional sales data examined by Rugman (2005), the North American firms average 77.2 percent of their sales in their home region, the Europeans average 62.8 percent, and the Asian firms average 74.3 percent. Each region has three truly global firms, while North America has 167 home-region oriented firms, Europe has 86, and Asia has 66. Despite being large and multinational the activities of, and influences on, these firms are strongly localized. Rather than increasingly homogenized markets (Levitt, 1983) and a ubiquitous need for global strategies (Yip, 2002) we have at most a situation of semi-globalization (Ghemawat, 2001, 2003). Regional issues arguably provide better explanations of what influences these firms' strategies and performance than global issues.

Here we add to the above empirical evidence using an alternative but well-recognized listing of the world's largest firms, the Top 500 (2005). This contains 122 firms from Asia, 115 of which publish geographic sales data and 111 publish geographic asset data. These firms are listed in Table 1.

Table 1 here

As summarized in Table 2, 105 (91 percent) of the 115 firms for which sales data are available are home-region oriented (shown in Table 1 as firms with a "D" in the column headed 'Type'). There are three global firms: Sony, Canon, and Mazda Motor, all from Japan; five are bi-regionals: Toyota, Nissan, and Bridgestone from Japan, BHP Billiton from Australia, and Flextronics from Singapore; and two are host-region oriented firms: Honda (Japan) and Hon Hai Precision Industries from Taiwan. Overall, the 115 Asian firms from the top 500 have an average of 81.87 percent of their sales in their home region. Going beyond previous studies (Rugman, 2005; Rugman and Verbeke, 2004), however, we can also report that, on average, 87.09 percent of the assets of these firms are located in their home region.

Table 2 here

In Table 3 we show the firms listed in Table 1 by country, with the average revenues, intra-regional sales and assets for each country group. There are some interesting comparisons to be made, both between country groups and between the current and past levels of (limited) internationalization illustrated by these data.

Briefly, 12 large Chinese firms have the highest levels of intra-regional sales and assets, which is to be expected when we look at the composition of the group. Many of the large Chinese firms tend to be (at least partly) government owned and supported. They are in the energy, commodities, utilities, and telecoms sectors, where growth has been driven by the rising needs of the domestic market. This contrasts with the profile of the Japanese, South Korean, and Australian firms which have experienced a longer period

of growth, yet still remain oriented to the Asian region. The content of many of the annual reports from which the data was gathered suggests that an increased (or renewed?) focus on the Asia region was taking place because of the steady growth rates experienced in mainland China. Certainly the Japanese firms, which both dominate the list (79 firms) and are (on average) the largest, were shifting their focus towards China in terms of both inputs and outputs. This is confirmed by both FDI and trade data (Rugman, Collinson and Hodgetts, 2006).

The main, overriding message here is that very few of these firms can be thought of as global; they are all conducting most of their business in the Asian region. This is the central empirical driver of this paper; the vast majority of Asian firms are regional, not global.

Table 3 here

THE REGIONAL MATRIX AND ASIAN FIRMS

We take the basic model of international business which distinguishes between country-level and firm-level effects and adapt it for this analysis. In earlier work a matrix of country-specific advantages (CSAs) and firm-specific advantages (FSAs) was developed (Rugman, 1981 and Rugman and Verbeke, 1992). Much of the analysis in the IB field can be synthesized within a simple framework of CSAs and FSAs which are the two basic building blocks for international business strategy. The FSAs possessed by a firm are based ultimately on its internalization of an asset, such as: production; knowledge; managerial; or marketing capabilities. The firm exercises proprietary control over these

FSAs, which are thus related to the firm's ability to coordinate the use of the advantage in production, marketing, brands, or the customization of services.

Beyond the firm there are country factors. They can lead to country-specific advantages (CSAs) which affect a firm's strategy. For example, the CSAs can include political, cultural, economic, and financial factors which are parameters exogenous to the firm. In Porter (1990) terminology, the CSAs form the basis of the global platform from which the multinational firm derives a home-base "diamond" advantage in global competition. Tariff and non-tariff barriers to trade and other government regulation also influence CSAs.

This two-by-two FSA/CSA matrix can be modified into the regional matrix, as shown in Figure 1. On the horizontal axis is shown the regional or global reach of the FSAs of a firm. On the vertical axis is shown the regional or global scope of the locational advantages of a firm's FSAs. The vertical axis becomes operational for strategy as, for each firm there are data available on geographic scope. The regional matrix differs from the CSA/FSA matrix in that both axes represent FSA aspects of corporate strategy.

Figure 1 here

We have positioned our 115 Asian firms from the top 500 inside the regional matrix. Almost all of these 115 firms are on the lower (regional) half of the vertical axis. Only three are unambiguously "global" in their geographic scope. The three bi-regional firms are also constrained in their geographic scope to the regional half of the vertical axis. This new regional matrix leads us to the following key analytical classifications:-

Cell 3: Global firms—these have a global reach of their FSAs and a global scope for FSAs; they are in all three regions of the triad; we find three among our 75 Asian firms;

Cell 4: Bi-regional firms—these have a global reach for their FSAs, but they are not global in their geographic scope, as they only have a significant presence in two regions of the triad; again there are just three in our list of 75 Asian firms; host region firms also appear here, such as News Corp and Honda.

Cell 2: Home-region firms—these have FSAs with a reach only in their home region, and they also have home-region locational FSAs; 66 of the 75 Asian firms fit into this category.

Cell 1: Firms with home-region FSAs but a global scope in FSAs—there are very few of these in practice, although many firms think that they are global in scope; data show, however, that they are actually home-region based, in cell 2. We call cell 1, the "myth" of global scope.

ASIAN FIRM CASE STUDIES

We now apply the framework of Figure 1 to analyze some specific firms in each of the major cells. This will help us to classify the differences between regional and global structures and strategies of the world's largest Asian firms.

These cases will show how the former set of firms above is relatively unique in managing to develop FSAs applicable to other triad markets. Literature helps provide the beginnings of an explanation of why most firms are home-region based in their FSAs. First we develop an analytical framework to position these case studies.

When we examine the unusual, more international Asian firms we can find specific reasons as to why they have internationalized to the degree they have. As listed in Table 1, when we measure them in terms of sales, or downstream FSAs in Figure 2, there are: 5 bi-regional firms (Toyota, Nissan, BHP Billiton, Bridgestone, and Flextronics), two host-region oriented firms (Honda and Hon Hai Precision Industries) and three global firms (Sony, Canon, and Mazda). In terms of assets, or upstream FSAs there is just one bi-regional firm (Hutchison Whampoa), one host-region oriented firm (Honda) and one global firm (Flextronics).

Of course, there are industry sector effects that need to be considered in explaining the differences across the above sample of firms. Steel and bulk chemicals, simply because of transportation costs, are less internationalized industries. But this is another factor promoting regionalization rather than globalization.

In past studies we have focused on Japanese firms which dominate lists of the largest Asian firms (Collinson and Rugman , 2006; Rugman and Collinson, 2004). In this paper we will briefly examine how the other Asian firms in the above list (BHP Billiton, Hon Hai Precision Industries, Hutchinson Whampoa and Flextronics) are different from the more representative home-region oriented Asian firms.

BHP Billiton

Many of the more international firms in our list have expanded geographically via mergers-and-acquisitions (M&As). BHP Billiton is a case in point. Formed by the merger in 2001 of BHP (Australia) and Billiton (UK) it now employs 37,000 people working in more than 100 operations in approximately 25 countries (http://www.bhpbilliton.com/)

Billiton was originally Dutch, and for some time was part of Royal Dutch Shell before a separate listing on the London Stock Exchange. The firm is now a leading supplier of core steelmaking raw materials and in the top-five producers of copper, energy coal, nickel metal, and uranium. The merger represents a combination of two firms representing very different combinations of CSAs and FSAs. Billiton was an EU-based raw materials producer which expanded historically by establishing mining activities in Dutch and British colonial territories. It leveraged other countries' advantages and built sales channels in the growing European markets. BHP's growth was based on the CSAs of Australia, developing mining and processing operations initially to serve the domestic and regional markets.

The geographic distribution of sales and assets today reflects this history. Less than four percent of BHP Billiton's assets are in Europe, over half remain in the Asia region and predominantly in Australia. In terms of assets distribution it is a home-region oriented firm. Just over 33 percent of the firm's sales are in Europe. Add to this the 47 percent in its home region gives us a bi-regional firm in terms of sales, because of the above merger.

Hon Hai Precision Industries (Foxconn)

Hon Hai Precision Industries is described as the 'probably the biggest company you have never heard of' (http://www.hoovers.com). It is better known as 'Foxconn' and last year surpassed Flextronics to become the world's largest contract manufacturer for computer parts, mainly connectors and cable assemblies. The firm began manufacturing plastic products in the early 1970s but grew rapidly in the 1990s on the back of steep demand for

cheap IT components (http://www.foxconn.com/) and the move by firms such as HP and Apple to bring down costs and contract out their assembly operations (Dean, 2003). Its market value stands at over $17 billion (up from less than $2 billion in 2002). Although the firm does not publish details of the geographic distribution of its assets we can be fairly sure that most of its assets are located in the Asian region. Despite establishing some manufacturing in Europe (Scotland and Ireland) and the US (Los Angeles, Houston, and Kansas City) its main production operations are based in Taiwan and mainland China (in Guangdong and Jiangsu Provinces). Hon Hai Precision Industries has effectively built on its CSAs, notably cheap labour, and tapped into a growing global market for IT hardware during a period of rapidly increased sales and declining prices (post-2000). Over 55 percent of its total sales are in North America making it a host-oriented firm in terms of downstream FSAs. It could be argued that the success of the firm and its particular form of international expansion has been driven more by the outsourcing strategies of Western electronics hardware brand-owners than by the firms own FSA development (Ernst, 2000).

Flextronics

Flextronics and similar firms like Solectron, Sanmina-SCI, Celestica, and Jabil make the Microsoft Xbox, Web TV set-top boxes for Phillips and Sony; portable phones for Ericsson, Alcatel, and Motorola; and PCs for a range of Western firms. But Flextronics is by far the largest of these contract manufacturers. With 48 percent of its sales in Asia, 35 percent in Europe, and 17 percent in the Americas it is a bi-regional firm in terms of its downstream FSAs. In terms of its asset distribution Flextronics is global; 47 percent in

Asia, 28 percent in Europe, and 25 percent in the Americas. It is the only firm with this distinction in our entire list 111 firms (those from the 122 Asian firms in the top 500 for which asset data were available). Its stages of growth since its beginnings in Singapore in 1990 give us some insights into this unusual pattern of internationalization.

Like Hon Hai Precision Industries above it could be argued that Flextronics has evolved on the back of a major transformation in the structure global production networks, that of vertical specialization (Borrus, Ernst, and Haggard, 2000). Global brand owners and OEMs (original equipment manufacturers) have increasingly outsourced manufacturing and related services to global contract manufacturers, like Flextronics. Unlike Hon Hai, Precision Industries Flextronics has expanded rapidly by purchasing smaller electronics industry contractors and factories from its customers. In 2000 it purchased a Japanese factory from Casio and was contracted to manufacture for the Japanese firm as it restructured to 'externalize' its production activities. In 2001 it bought half of Xerox's office equipment-making operations for $220 million and took on a five-year outsourcing contract to manufacture Xerox products (Rugman, Collinson and Hodgetts, 2006); http://www.flextronics.com/). In the same year it took over much of Ericsson's manufacturing and supply chain activities in Brazil, Malaysia, Sweden, and the UK. Ericsson decided to focus on high-end R&D and design activities and let other firms manufacture telecoms system components (UNCTAD, WIR, 2003 pg.139).

Through this route Flextronics has acquired and developed six industrial parks in low-cost regions near each large triad market. In Asia, two industrial parks in China and a network of regional manufacturing facilities supply printers, cell phones, telephone switching boards, and PDAs, among other products. In the Americas, products from its

two industrial parks (one in Mexico, one in Brazil) and its network of manufacturing facilities include automotive, telecommunications, networking equipment, and hardware products, among others. Eastern Europe, Poland, and Hungary host two industrial parks that are also supported by nearby manufacturing facilities and that produce telecommunications infrastructure, electronics for automotives, printers, and disposable cameras, among others.

The strategy of buying-out the manufacturing operations of telecoms and IT firms continues, most recently with the purchase of Nortel's manufacturing operations in Calgary, Canada, including the transfer of 650 employees. But Flextronics is also aiming to improve its innovative capabilities in R&D and design and move higher up the industry value chain. By doing so it will begin to challenge some of its own client companies; the same firms that now outsource their manufacturing operations to specialize in these higher-end capabilities (Engardio and Einhorn, 2005).

Hutchison Whampoa

This Asian conglomerate began in the 1860s as a Hong-Kong trading company. It now encompasses container ports, property development, telecommunications, and retailing; it was founded by, and is still controlled by, its founder the influential businessman, Li Ka-Shing. Retailing dominates in terms of revenue, followed by telecoms, which has grown rapidly with the firm's investment into the 3G platform in Europe (Lim, 2005).

Hutchison Whampoa's international expansion increased noticeably in the late 1980s when it took over Canada's Husky Oil, partnered with Procter & Gamble in personal care and retailing and entered the UK telecoms business. In the 1990s it

expanded rapidly in four distinct business areas: (1) telecoms and satellite TV, through partnerships with Cable & Wireless and CITIC and by launching ‘Orange’ in the UK in 1994 (bought by Mannesmann AG for $14.6 billion in 1999); (2) ports and port infrastructure, acquiring the Port of Felixstowe in Britain in 1991 and developing terminal services around Asia; (3) energy and utilities; (4) retailing and personal care products through its A.S. Watson group.

The firm has continued to expand in these same four areas throughout this decade. In 2000 it won the largest 3G license 'A' in the United Kingdom for over $6 billion. The platform was expanded to European countries and then to other parts of the World, primarily Asia. In Japan this was via partnerships with NEC and NTT in 2002. By 2005 when a deal was struck with Skype the Group's 3G global customer base had reached over 10 million. As a key license-holder in telecoms Hutchison Whampoa is now seen as a ‘flagship firm’ alongside Vodafone, coordinating a wide array of hardware and software suppliers and service content providers (Whalley, 2004).

The ports business has also grown rapidly on the back of huge expansion in China and India, but it has also acquired interests in Turkey, Egypt and Poland. Husky energy now spans the globe from Canada to Asia, with large deals recently in the UK and China. A.S. Watson retail has also continued to grow. The year 2004 saw particularly strong developments in Eastern Europe, and by 2005 A.S. Watson was seen as the world’s ‘largest health and beauty chain’.

This pattern of diversified expansion, with a strong focus on UK and European ports, telecoms, and utilities investments explains the asset and sales distribution for Hutchison Whampoa. It has 63 percent of its assets outside the Asia region and 44

percent in Europe making it bi-regional in terms of its asset distribution; 34 percent of its sales are also in Europe but because over 50 percent are in the Asia region it is classified as a home-region oriented firm in sales terms.

The Problems of Biased 'Globalization' Research in Asia

The widespread view among the international business research community that large firms are more global in their business activities than they actually are has led to inaccurate views about the nature and extent of globalization. With hindsight we can see that biased research, focusing on the most "global" of firms rather than the most representative firms, has contributed to this inaccuracy.

The following discussion extends an argument put forward by Lynn (2006) and other authors in a recent special issue of the *Journal of Asian Business and Management*. They point to the inappropriateness of many of the theoretical approaches developed in the West for analyzing Asian business practices. However, they miss the related point that most of the published empirical research, by focusing predominantly on the more international Asian firms, is also part of the bias problem.

Similarly, a number of reflexive papers in a recent volume (23) of the *Asia Pacific Journal of Management* discuss approaches to studying the distinctiveness of Asian business and management, but miss the empirical sample bias we show below. Our findings add weight to the main points of Meyer's insightful article calling for greater 'self-confidence' in studies of Asian business and management (Meyer, 2006). Despite helpful guidance on appropriate methodological approaches, including qualitative

methodologies, Meyer's article also neglects the case-study selection bias which supports his overall argument about a US-centric approach to management studies.

We present our evidence in Table 4. This shows that the more "global" Asian firms dominate academic research across all business and management disciplines in peer-reviewed journals. Using a simple bibliometric technique we show that there is a strong correlation between the degree of globalization of a firm and the attention paid to it in academic research. Our measure of the latter is a simple 'hit' count using the name of the firm as a keyword when searching a leading database of peer-reviewed journals in management and business studies. None of the top five firms in this list (Table 4) are the usual home-region oriented type of Asian multinational, yet these five unrepresentative firms account for over half of the total number of articles for the entire group of 75. There is an overwhelming bias in management studies towards firms like Toyota, Sony, Canon, and Honda because of their impact in the global economy (particularly in the United States). Yet they do not provide us with examples of what really differentiates Japanese or Asian firms from other firms. We know least about the most 'typical' group of Asian firms whose sales are predominantly in their home region.

Table 4 here

There are parallels between past research on Japanese firms and the newer research on firms from emerging markets in Asia, including China. This is linked to the current concern about the evolving global competitiveness of large Asian firms, which has strong similarities with the fear of Japanese economic superiority among US and

European CEOs and policymakers in the 1970s and 1980s. The perceived threat from Japan stemmed from the rapid relative growth in GDP, exports, and outward FDI which suggested that an alternative model of market capitalism had given rise to specific competitive advantages that Western firms could not access. (See Collinson and Rugman, 2006, for a more complete review of the related literatures).

With hindsight we can see that even the more rigorous comparative studies of Japanese firms tended to focus only on a small sub-set of the most international firms in the relatively few industry sectors experiencing export-led growth (Pearce and Papanastassiou, 1996; Fransman, 1995; Dunning and Cantwell, 1991). They also tended to focus on specific, superior capabilities achieved by these Japanese firms in a limited range of business processes.

What we now know is that relatively few Japanese firms have ever managed to internationalize across the triad. The vast majority of Japanese firms are still strongly dependent on the domestic market. This bias, toward the more unusual, more international Japanese firms, has given rise to a number of related problems, which we can learn from in guiding current research on Asian business and management. Past studies promoted an exaggerated perception of the competitive threat from Japan, suggesting that the advantages demonstrated by the relatively small number of exporters in autos, consumer electronics, and engineering were general *Japanese* advantages. A more objective approach would have questioned the degree to which we could generalize from these unusual examples. This was also linked to the expectation that the majority of Japanese firms would eventually internationalize to the same degree as the lead exporting firms in these key sectors. As our data shows, they have not.

We could also argue that much of our understanding about the 'real' differences between Japanese firms and firms from other parts of the world is limited, because so much less is known about the more representative, home-region oriented firm. For example, we know less than we should about Japan as the 'locus of origin of geographic diversification' for such firms (Wan and Hoskisson, 2003).

A small follow-up study examined the article hits for the Chinese firms in our larger list of 122 top 500 Asian firms. It gave the following results: 4 hits for Sinopec; 3 for the China Construction Bank, and Shanghai Baosteel Group; 2 for China National Petroleum, China Life Insurance, Industrial & Commercial Bank of China, Agricultural Bank of China, and China Telecommunications; 1 for State Grid, China Mobile Communications, and Sinochem; and no hits for China Southern Power Grid, COFCO, and China First Automotive Works (FAW); (note that not all these firms are listed in Table 1 because data on the international distribution of their sales and assets were not available).

Hutchison Whampoa received 17 hits, however, and Chinese firms that are currently not in the top 500 list but are well known for their international activities and aspirations are also starting to attract more attention than their size warrants; Haier (14), Shanghai Automotive (or SAIC) (10) and Lenovo (9).

Mathews (2006), in an otherwise very useful addition to the literature on latecomer firms makes a number of the above mistakes in his discussion of 'dragon multinationals.' His data on the 'Asia-Pacific MNEs in UNCTAD's list of Top 50 MNEs from developing economies' (Table 1; p.11) shows total overseas assets of the selected firms but does not show a breakdown by geographic location. Moreover, by adopting

UNCTAD's 'Trans-Nationality Index' (TNI) the analysis misses the strong regional concentration of both sales and assets that our data illustrate. Finally, by presenting case studies of the 'more globalized' firms in the list, including Ispat, Cemex, Acer, Li & Fung, and Lenovo, the study contains the sample bias we discuss above. However, Mathews' central argument focuses on the relative differences in the internationalization process between latecomer and incumbent MNEs, justifying this case selection. What should be clear is that we cannot make generalizations regarding the characteristics of the majority of Asian firms on the basis of analyses of this unusually international sub-group.

CONCLUSION

Figure 2 summarizes our main findings. It is based on Rugman (2005). It reports that the top Asian firms are distributed across the regional matrix with an intra-regional scope to their FSAs, based on both sales and asset data. We find that 108 out of the 111 firms with asset data on upstream FSAs are home-region oriented and lie in cell 2. We also found that 105 of the 115 firms with sales data are in cell 1. Only three of the 108 firms with asset data are not home-region based. Only ten are non home-region based using sales data on downstream FSA.

Figure 2 here

Figure 2 also lists the article 'hits' from Table 4, representing the degree to which academic research has focused on each group of firms. This clearly illustrates the overwhelming focus in the previous literature on the rare global and bi-regional Asian

firms, which have been assumed to be representative of Asian companies in general. They are actually a few isolated special cases. Finally, the case study firms discussed in this paper are placed in their appropriate categories.

The FSAs possessed by a firm, whether downstream or upstream, are ultimately based on its internalization of a knowledge resource or capability. This restricts its ability to leverage advantages away from its home region and compete successfully in other markets. What we demonstrate here, in the case of the Asian firms examined, is that their major knowledge assets and capabilities have evolved in the specific regional selection environment of Asia. It is highly unusual to find Asian firms like Toyota, Flextronics, and Sony that have managed to de-couple from the home region base of their FSAs or to adapt and customize to compete outside their home region. Yet such unrepresentative "global" firms are the overwhelming focus of the traditional international business strategy research discussed in this journal into the alleged differentiating characteristics and superior competitive advantages of Asian firms. In contrast, we find here that the vast majority of Asian firms have evolved FSAs to succeed in the regional Asian home market. They are unlikely to substantially expand their sales or foreign assets into other regions of the triad in the foreseeable future.

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Table 1

The Asian firms in the Top 500

					Distribution of Sales			Distribution of Assets		
Company	Fortune 500 Rank	Country	Country Rank	Revenues ($ millions)	F/T Sales	%Intra-regional	Type	F/T Sales	%Intra-regional	Type
Toyota Motor	7	Japan	1	172,616.30	59	41	B	54	53	D
NTT	18	Japan	2	100,545.30	<10	>90	D	<10	>90	D
Hitachi	23	Japan	3	83,993.90	35	80	D	23	92	D
Matsushita Electric Ind.	25	Japan	4	81,077.70	54	68	D	20	93	D
Honda Motor	27	Japan	5	80,486.60	80	30	S	69	36	S
Nissan Motor	29	Japan	6	79,799.60	66	35	B	48	60	D
Sinopec	31	China	1	75,076.70	<10	>90	D	<10	>90	D
State Grid	40	China	2	71,290.20	<10	>90	D	<10	>90	D
Sony	47	Japan	7	66,618.00	70	30	G	50	75	D
Nippon Life Insurance	56	Japan	8	60,520.80	<10	>90	D	12	88	D
Toshiba	72	Japan	9	54,303.50	39	76	D	19	93	D
Tokyo Electric Power	90	Japan	10	46,962.70	<10	>90	D	<10	>90	D
Hyundai Motor	92	S.Korea	2	46,358.20	42	63	D	11	>90	D
NEC	96	Japan	11	45,175.50	21	79	D	15	95	D
Dai-ichi Mutual Ins.	98	Japan	12	44,468.80	<10	>90	D	<10	>90	D
Fujitsu	99	Japan	13	44,316.00	24	76	D	38	68	D
AEON	112	Japan	14	38,943.60	<10	>90	D	11	89	D
Meiji Yasuda Life Ins.	113	Japan	15	38,835.10	<10	>90	D	12	88	D
LG Electronics	115	S.Korea	3	37,757.50	77	51	D	NA	NA	I
SK	117	S.Korea	4	37,691.60	53	70	D	NA	NA	I
Petronas	133	Malaysia	1	36,064.80	77	60	D	23	81	D
Nippon Oil	142	Japan	16	34,150.70	2	99	D	11	93	D
Ito-Yokado	145	Japan	17	33,631.90	36	64	D	18	83	D
Sumitomo Mitsui Fin.	147	Japan	18	33,318.20	9	94	D	9	93	D
Mitsui	148	Japan	19	32,805.90	41	59	D	42	73	D
Mitsubishi	149	Japan	20	32,735.00	15	87	D	40	74	D
Canon	154	Japan	21	32,071.50	75	27	G	50	58	D
Mitsubishi Electric	156	Japan	22	31,735.40	14	98	D	10	95	D
Nippon Steel	157	Japan	23	31,536.90	<10	>90	D	<10	>90	D
Sumitomo Life Ins.	158	Japan	24	31,000.20	<10	>90	D	20	80	D
Mizuho Financial Grp.	184	Japan	25	28,278.70	14	89	D	15	87	D
Marubeni	185	Japan	26	28,273.70	32	74	D	32	77	D
KDDI	194	Japan	27	27,170.10	<10	>90	D	<10	>90	D
Millea Holdings	197	Japan	28	26,978.70	<10	>90	D	<10	>90	D
JFE Holdings	202	Japan	29	26,087.60	<10	>90	D	<10	>90	D
Denso	203	Japan	30	26,052.70	44	65	D	46	71	D
Mazda Motor	211	Japan	31	25,081.40	60	40	G	19	83	D
Mitsubishi Tokyo Fin.	217	Japan	32	24,457.50	40	64	D	23	80	D

Kansai Electric Power	219	Japan	33	24,317.70	<10	>90	D	<10	>90	D
Mitsubishi Heavy Ind.	221	Japan	34	24,106.00	12	90	D	7	94	D
Sharp	225	Japan	35	23,632.60	49	63	D	11	95	I
East Japan Railway	226	Japan	36	23,610.50	<10	>90	D	<10	>90	D
Fuji Photo Film	227	Japan	37	23,516.40	48	52	D	28	76	D
Coles Myer	235	Australia	1	23,184.40	<10	>90	D	<10	>90	D
Sanyo Electric	237	Japan	38	23,118.80	50	77	D	27	83	D
BHP Billiton	241	Australia	2	22,887.00	91	47	B	53	55	D
Bridgestone	250	Japan	39	22,350.00	65	35	B	50	62	D
Samsung Life Ins.	251	S.Korea	5	22,347.90	<10	>90	D	12	>90	D
Suzuki Motor	255	Japan	40	22,010.90	52	69	D	47	68	D
China Telecom.	262	China	7	21,561.80	<10	>90	D	<10	>90	D
UFJ Holdings	264	Japan	42	21,450.80	7	95	D	10	93	D
National Australia Bank	269	Australia	3	21,313.90	32	62	D	40	72	D
POSCO	276	S.Korea	6	20,929.10	30	>90	D	<10	>90	D
Korea Electric Power	277	S.Korea	7	20,914.20	<10	>90	D	<10	>90	D
Sinochem	287	China	8	20,380.70	10	90	D	<10	>90	D
Mitsubishi Chemical	288	Japan	44	20,372.30	15	94	D	14	94	D
Woolworths	289	Australia	4	20,334.50	<10	>90	D	<10	>90	D
Chubu Electric Power	300	Japan	45	19,849.00	<10	>90	D	<10	>90	D
Japan Airlines	301	Japan	46	19,817.80	<10	>90	D	<10	>90	D
Mitsubishi Motors	304	Japan	47	19,750.40	38	69	D	51	82	D
Shanghai Baosteel Grp.	309	China	9	19,543.30	11	89	D	<10	>90	D
Sumitomo	313	Japan	48	19,068.10	42	65	D	22	81	D
China Construction Bk	315	China	10	19,047.90	<10	>90	D	<10	>90	D
China Southern Power	316	China	11	18,928.80	<10	>90	D	<10	>90	D
Nippon Mining Hldings	318	Japan	49	18,817.00	<10	>90	D	<10	>90	D
Mitsui Sumitomo Ins.	319	Japan	50	18,813.30	4	96	D	<10	>90	D
Japan Tobacco	320	Japan	51	18,739.00	15	85	D	32	69	D
Itochu	327	Japan	52	18,527.90	21	92	D	12	86	D
Japan Post	337	Japan	53	18,006.40	<10	>90	D	<10	>90	D
Bank Of China	339	China	12	17,960.40	25	>90	D	22	>90	D
Sompo Japan Ins.	344	Japan	54	17,677.10	<10	>90	D	<10	>90	D
Hutchison Whampoa	347	China	13	17,280.80	74	53	D	80	37	B
Daiei	353	Japan	55	17,020.50	<10	>90	D	<10	>90	D
Aisin Seiki	354	Japan	56	17,018.90	24	79	D	20	84	D
Ricoh	356	Japan	57	16,879.70	49	51	D	29	73	D
Nippon Express	368	Japan	58	16,314.00	17	83	D	29	81	D
Hon Hai Precision Ind.	371	Taiwan	1	16,239.50	>90	17	S	NA	NA	I
Sumitomo Electric Ind.	372	Japan	59	16,192.00	23	84	D	17	91	D
PTT	373	Thailand	1	16,023.30	<10	>90	D	<10	>90	D
Flextronics Internatnl.	375	Singapore	1	15,908.20	>90	48	B	90	47	G
Taisei	377	Japan	60	15,892.00	<10	>90	D	<10	>90	D
Kajima	384	Japan	61	15,700.60	10	92	D	10	92	D
Mediceo Holdings	390	Japan	62	15,499.90	<10	>90	D	<10	>90	D
Hanwha	393	S.Korea	8	15,406.30	NA	>90	D	NA	>90	D
Cosmo Oil	396	Japan	63	15,296.50	2	98	D	<10	>90	D
Agric. Bank of China	397	China	14	15,284.60	<10	>90	D	<10	>90	D

Telstra	401	Australia	5	15,193.10	<10	>90	D	12	88	D
Chinese Petroleum	402	Taiwan	2	15,189.50	NA	>90	D	<10	>90	D
Cmnwlth Bk of Austral.	406	Australia	6	15,083.90	19	>90	D	17	>90	D
Tohoku Electric Power	409	Japan	64	14,994.20	<10	>90	D	<10	>90	D
Nippon Yusen	410	Japan	65	14,944.30	24	81	D	<10	>90	D
KT	414	S.Korea	9	14,901.10	<10	>90	D	<10	>90	D
AMP	422	Australia	7	14,600.80	<10	>90	D	<10	>90	D
COFCO	434	China	15	14,189.40	<10	>90	D	19	>90	D
Samsung	442	S.Korea	10	13,919.20	45	>90	D	NA	>90	D
Isuzu Motors	444	Japan	66	13,897.20	32	83	D	13	94	D
SK Networks	446	S.Korea	11	13,844.30	36	>90	D	<10	>90	D
China (FAW) Autom.	448	China	16	13,825.40	<10	>90	D	19	>90	D
Shimizu	450	Japan	67	13,811.20	7	93	D	<10	>90	D
Seiko Epson	453	Japan	68	13,768.60	51	76	D	28	87	D
Asahi Glass	456	Japan	69	13,647.80	51	68	D	56	69	D
Fuji Heavy Industries	461	Japan	70	13,459.20	43	57	D	22	78	D
Kobe Steel	462	Japan	71	13,433.80	25	>90	D	<10	>90	D
Komatsu	464	Japan	72	13,350.30	46	67	D	36	72	D
Dai Nippon Printing	467	Japan	73	13,258.60	<10	>90	D	<10	>90	D
Toppan Printing	471	Japan	74	13,152.90	<10	>90	D	<10	>90	D
Central Japan Railway	472	Japan	75	13,114.90	<10	>90	D	<10	>90	D
Kyushu Electric Power	473	Japan	76	13,107.80	<10	>90	D	<10	>90	D
Obayashi	475	Japan	77	13,069.70	<10	>90	D	<10	>90	D
Westpac Banking	477	Australia	8	12,943.30	18	>90	D	19	>90	D
Asahi Kasei	483	Japan	78	12,819.00	20	>90	D	<10	>90	D
Sekisui House	486	Japan	79	12,719.50	<10	>90	D	<10	>90	D
Daiwa House Industry	487	Japan	80	12,709.40	<10	>90	D	<10	>90	D
Australia & N.Z. Bankg	490	Australia	9	12,618.40	27	>90	D	27	>90	D
Yamaha Motor	496	Japan	81	12,471.50	60	58	D	45	68	D

Notes:
Data are from the most recent annual report available (2004 in most cases)
D = Home Region Oriented; S = Host Region Oriented; B = Bi-regional; G = Global; I = Insufficient Information.

Table 2

Asian Firms in the Top 500 by firm type

Firm Type	No. of Firms; Measured by *Sales*	Percent of total cases	The Firms	No. of Firms; Measured by *Assets*	Percent of total cases	The Firms
Global (G)	3	3%	Sony (Jpn), Canon (Jpn), Mazda Motor (Jpn)	1	1%	Hutchison Whampoa (China)
Bi-regional (B)	5	4%	Toyota Motor (Jpn), Nissan Motor (Jpn), BHP Billiton (Aus), Bridgestone (Jpn), Flextronics (Singpr)	1	1%	Flextronics (Singpr)
Host-region (S)	2	2%	Honda Motor (Jpn), Hon Hai Precision Industries (Taiw)	1	1%	Honda Motor (Jpn)
Home-region (D)	105	91%	Others	108	94%	Others
Total cases	**115**	**100%**		**111**	**100%**	

Table 3

Asian Firms in the Top 500 by country

Country	Number of Firms	Average Revenues (USD$bn)	Average Intra-regional Sales	Average Intra-regional Assets
Australia	9	17,573.26	86.00	87.22
China	12	27,030.83	90.58	90.17
Japan	79	29,735.77	80.63	86.00
South Korea	8	24,406.94	84.90	95.00
Others	5	19,885.06	63.00	79.50

Numbers might not add up due to rounding.

Table 4

The 75 Asian firms ranked by the frequency with which they feature in academic articles

							Data for selected groups:				
Article hits*	500 Rank	Company	Country	Revenues in bn US$	Asia Pacific % of total	C	Cumulative hit total	Cumulative hit total %	Average no. article hits	Average revenues	Average Asia-Pacific %
91	10	Toyota Motor	Japan	120.8	49.2	B					
51	37	Sony	Japan	60.6	32.8	G					
45	190	Canon	Japan	23.9	28.5	G					
40	41	Honda Motor	Japan	58.9	26.9	S					
36	58	Nissan Motor	Japan	49.6	49.7	B	263	51%	52.6	62.8	37.4
26	12	Mitsubishi	Japan	105.8	86.8	D					
26	84	NEC	Japan	40.8	79.6	D					
20	77	Toshiba	Japan	43.1	75.3	D					
20	251	Fuji Photo Film	Japan	19.2	48.4	I	355	69%	39.4	58.1	53.0
18	32	Hitachi	Japan	63.9	80	D					
16	45	Matsushita Electric Industrial	Japan	55	64.9	D					
13	88	Fujitsu	Japan	40	71.8	D					
9	13	Mitsui	Japan	101.2	78.9	D					
9	381	Suzuki Motor	Japan	13.3	68.4	D					
8	23	Sumitomo	Japan	77.1	87.3	D					
8	141	Mitsubishi Electric	Japan	29.2	83.1	D					
8	285	Bridgestone	Japan	17.6	38.8	B					
5	133	Hyundai Motor	South Korea	30.9	81.6	D					
5	219	Hyundai	South Korea	21.7	56.3	D					
5	379	Ricoh	Japan	13.4	60.5	D					
5	411	Telstra (q)	Australia	12.4	92.6	D					
5	442	Woolworths	Australia	11.5	100	D	469	91%	8.8	37.5	74.2
4	296	Mazda Motor	Japan	16.8	65.7	D					
3	82	Mizuho Holdings	Japan	41.5	74.4	D					
3	171	Mitsubishi Motors	Japan	25.6	62.8	D					
3	252	Denso	Japan	19.2	73.1	D					
3	364	News Corp.	Australia	13.8	9	S					
2	229	Nippon Steel	Japan	20.6	82.2	D					
2	293	Sanyo Electric	Japan	16.9	72.7	D					
2	348	Dentsu	Japan	14.3	95	D					
2	368	Japan Telecom	Japan	13.6	91	D					
2	378	Taisei	Japan	13.4	91	D					
2	388	Flextronics International	Singapore	13.1	22.4	G					
2	399	Japan Airlines	Japan	12.9	91	D					
2	404	Isuzu Motors	Japan	12.8	69.2	D					
2	445	Yasuda Fire & Marine Ins. (q)	Japan	11.3	100	D					
2	499	Asahi Glass	Japan	10.1	74.5	D	505	97%	2.4	17.1	71.6
					For all 75 firms:		518	100%	0.9	19.7	83.2

Figure 1: Asian firms in the regional matrix

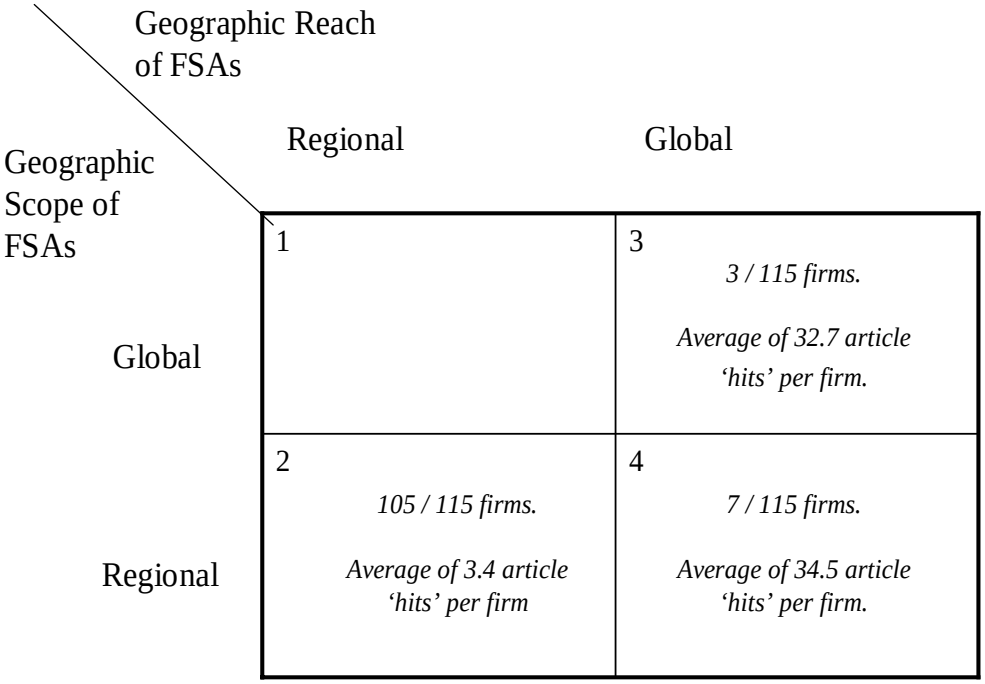

Figure 2
Upstream and downstream FSAs in Asian firms

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Geographic Scope of FSAs

FSAs Type	1 triad region	2 triad regions	All triad regions
Down-stream FSAs	1 105/115	3 7/115 Toyota, Nissan, BHP Billiton, Honda, Bridgestone, Flextronics, Hon Hai Precision	5 3/115 Sony, Canon, Mazda
Upstream FSAs	2 108/111	4 2/111 Hutchinson Whampoa, Honda	6 1/111 Flextronics

NOTES FOR TABLE 4

Firm data is from 2001 (Rugman, 2005).

*Article ‘hits’ refers to the number of search 'hits' that were returned from a keyword search combining the name of the firm and the term 'business'. Only peer-reviewed periodicals were included in the search which used the 'Business Source Premier' database.

Quoting the database providers, “Business Source Premier is described as 'the world’s largest full text business database'. It provides full text for nearly 3,800 scholarly business journals, including full text for more than 1,100 peer-reviewed business publications. Coverage includes virtually all subject areas related to business. This database provides full text (PDF) for more than 350 of the top scholarly journals dating as far back as 1922. This database is updated on a daily basis via EBSCO*host*”. By comparison the Social Sciences Citation Index covers 1,725 journals spanning 50 disciplines.

Table 4 lists the firms ranked in order of the number of article ‘hits’ received. The final list includes a cumulative total of 518 hits across the top-75 firms. This does not mean 518 individual articles since the count includes multiple hits where single articles include more than one listed firm. Only the 37 firms which returned 2 or more hits, accounting for 505 of the 518 total, are listed here. We should note that the database, although providing global coverage of business and management journals is dominated by English-language, US-based publications. This is, however, simply a reflection of the research field and the proportion of US academics and academic institutions in the field.